

Introduced by Senator Maldonado

February 24, 2006

An act to amend Section 13337 of the Government Code, and to amend Sections 7204.4, 7273, and 19254 of the Revenue and Taxation Code, relating to the state budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 1606, as introduced, Maldonado. State budget: two-year budget.

The California Constitution requires the Governor to submit a proposed state budget to the Legislature within the first 10 days of each calendar year, and requires the Legislature to enact a budget bill no later than midnight of June 15 of each year.

This bill would provide for a two-year state budget.

The bill would provide that it would not become operative unless an unspecified ACA is submitted to and approved by voters at a statewide election.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 13337 of the Government Code is
- 2 amended to read:
- 3 13337. (a) The budget required by the State Constitution to
- 4 be submitted by the Governor at each regular session of the
- 5 Legislature shall be submitted within the first 10 days thereof and
- 6 shall contain a complete plan and itemized statement of all
- 7 proposed expenditures of the state provided by existing law or
- 8 recommended by him or her, and all of its institutions,
- 9 departments, boards, bureaus, commissions, officers, employees,

1 and other agencies, and of all estimated revenues, for the ensuing
2 ~~fiscal year~~ *two fiscal years*, together with a comparison, as to
3 each item of revenues and expenditures, with the *total* actual *and*
4 *estimated* revenues and expenditures for the last completed fiscal
5 year, ~~the estimated revenues, and expenditures for the existing~~
6 *and the current* fiscal year and the budgeted revenue and
7 expenditures for the next ~~fiscal year~~ *two fiscal years*.

8 (b) The budget shall, in accordance with Chapter 2
9 (commencing with Section 41200) of Part 24 of the Education
10 Code, include a section that specifies the percentages and
11 amounts of General Fund revenues that must be set aside and
12 applied for the support of school districts, as defined in Section
13 41302.5, and community college districts, as required by
14 subdivision (b) of Section 8 of Article XVI of the California
15 Constitution.

16 (c) The Governor, or the Department of Finance acting on his
17 or her behalf, shall make appropriate changes in the budget
18 request to reflect any modification in the organization or
19 functions of state government proposed under Article 7.5
20 (commencing with Section 12080) of Chapter 1 prior to the
21 passage of the budget.

22 (d) The Governor's Budget shall be prepared in accordance
23 with guidelines and instructions adopted by the Department of
24 Finance.

25 (e) In order to provide meaningful comparisons, the
26 Governor's Budget shall be prepared in such a manner that the
27 information presented provides for such comparisons between
28 the fiscal years.

29 (f) The Department of Finance shall submit to the committee
30 in each house which considers appropriations and to the Joint
31 Legislative Budget Committee copies of budget material
32 submitted to it by agencies pursuant to the provisions of Article 2
33 (commencing with Section 13320).

34 (g) The Governor's Budget shall also include a coding
35 structure which indicates for each budget entity the
36 categorization of expenditures and revenues.

37 (h) Prior to the submission of the Governor's Budget to the
38 Legislature, the Department of Finance may conduct public
39 hearings regarding any portion of any budget.

1 (i) The Governor, or the Department of Finance acting on his
2 or her behalf, shall, at the same time the Governor's Budget is
3 submitted to the Legislature, submit to the Legislature copies of
4 the material for the purposes of subdivision (j).

5 (j) The Department of Finance shall develop a fiscal
6 information system which will provide timely and uniform fiscal
7 data needed to formulate and monitor the budget, including, but
8 not limited to, on-line inquiry capacity and the ability to simulate
9 budget expenditures and forecast revenues. This system may
10 include, among other things, data on encumbrances and
11 expenditures by line item, governmental unit, and fund source.
12 The system shall also include expenditures and encumbrances by
13 program, as required. This system shall also include a coding
14 structure ~~which~~ *that* indicates the categorization of expenditures
15 and revenues. This system and the data shall be available to both
16 the legislative and executive branches. The system may contain
17 separate programs accessible by only one branch, designed to
18 provide for distinct application of the data, but the basic system
19 data shall be available on an equal basis to both the legislative
20 and executive branches of government.

21 SEC. 2. Section 7204.4 of the Revenue and Taxation Code is
22 amended to read:

23 7204.4. The Director of Transportation and the Controller
24 shall charge for the cost of their services in administering the
25 responsibilities assigned to them in Chapter 4 (commencing with
26 Section 99200) of Part 11 of Division 10 of the Public Utilities
27 Code. Amounts to be charged shall be specified in the *two-year*
28 Budget Act. Those amounts shall be deducted from the taxes
29 collected by the board for the counties and the cities and
30 counties.

31 SEC. 3. Section 7273 of the Revenue and Taxation Code is
32 amended to read:

33 7273. In addition to the amounts otherwise provided for
34 preparatory costs, the board shall charge an amount for its
35 services in administering the transactions and use tax determined
36 by the board, with the concurrence of the Department of Finance,
37 as follows:

38 (a) Beginning with the 1993–94 fiscal year, the amount
39 charged shall be based on the total special taxing jurisdiction
40 costs reflected in the ~~annual~~ *two-year* Budget Act. This amount

1 comprises the categories of direct, shared, and central agency
2 costs incurred by the board and shall include the following:

3 (1) The amount charged to each entity shall be based on the
4 recommendations incorporated in the March 1992, report by the
5 Auditor General entitled “The Board of Equalization Needs To
6 Adjust Its Model For Setting Reimbursement Rates For Special
7 Tax Jurisdictions.”

8 (2) The amount charged may be adjusted in the current fiscal
9 year to reflect the difference between the board’s budgeted costs
10 and any significant revised estimate of costs. Any adjustment
11 shall be subject to budgetary controls included in the *two-year*
12 Budget Act. Prior to any adjustment, the Department of Finance
13 shall notify the Chairperson of the Joint Legislative Budget
14 Committee not later than 30 days prior to the effective date of the
15 adjustment.

16 (3) For the 1995–96 fiscal year and each fiscal year thereafter,
17 the amount charged shall be adjusted to reflect the difference
18 between the board’s recovered costs and the actual costs incurred
19 by the board during the fiscal year two years prior.

20 (b) The board shall, by June 1 of each *odd-numbered* year,
21 notify districts of the amount that it anticipates will be assessed
22 for *the first year of the next two-year fiscal-year period*. The
23 districts shall be notified of the actual amounts that will be
24 assessed within 30 days after enactment of the *two-year* Budget
25 Act ~~for that~~ *the fiscal period commencing that year*.

26 (c) The amount charged a transactions and use tax district that
27 becomes operative during the fiscal year shall be estimated for
28 that fiscal year based on that district’s proportionate share of
29 direct, indirect, and shared costs.

30 (d) The amounts determined by subdivision (a) shall be
31 deducted in equal amounts from the quarterly allocation of taxes
32 collected by the board for a given district.

33 (e) For the 1998–99 fiscal year and each fiscal year thereafter,
34 the amount charged to a district by the board shall not exceed the
35 lesser of the amount as a percentage of revenue the board would
36 have charged for the 1998–99 fiscal year, or the first full year of
37 a new district’s operations under this section as it read prior to
38 the amendments made by the act adding this subdivision, or the
39 following percentages:

(1) For districts imposing a transactions and use tax of one-half of 1 percent or greater, the amount charged by the board shall not exceed 1.5 percent, for the 1998–99 fiscal year and each fiscal year thereafter.

(2) Beginning with the 1998–99 fiscal year and in each fiscal year thereafter, the amount charged to a district imposing a transactions and use tax ranging from one-quarter of 1 percent up to but less than one-half of 1 percent shall not exceed 3 percent.

(3) Beginning with the 1998–99 fiscal year and in each fiscal year thereafter, the amount charged to a district imposing a transactions and use tax below one-quarter of 1 percent shall not exceed 5 percent.

SEC. 4. Section 19254 of the Revenue and Taxation Code is amended to read:

19254. (a) (1) If any person, other than an organization exempt from taxation under Section 23701, fails to pay any amount of tax, penalty, addition to tax, interest, or other liability imposed and delinquent under Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or this part, a collection cost recovery fee shall be imposed if the Franchise Tax Board has mailed notice to that person for payment that advises that continued failure to pay the amount due may result in collection action, including the imposition of a collection cost recovery fee. The collection cost recovery fee shall be in the amount of:

(A) In the case of an individual, partnership, limited liability company classified as a partnership for California income tax purposes, or fiduciary, eighty-eight dollars (\$88) or an amount as adjusted under subdivision (b).

(B) In the case of a corporation or limited liability company classified as a corporation for California income tax purposes, one hundred sixty-six dollars (\$166) or an amount as adjusted under subdivision (b).

(2) If any person, other than an organization exempt from taxation under Section 23701, fails or refuses to make and file a tax return required by Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or this part, within 25 days after formal legal demand to file the tax return is mailed to that person by the Franchise Tax Board, the Franchise Tax Board

1 shall impose a filing enforcement cost recovery fee in the amount
2 of:

3 (A) In the case of an individual, partnership, limited liability
4 company classified as a partnership for California income tax
5 purposes, or fiduciary, fifty-one dollars (\$51) or an amount as
6 adjusted under subdivision (b).

7 (B) In the case of a corporation or limited liability company
8 classified as a corporation for California income tax purposes,
9 one hundred nineteen dollars (\$119) or an amount as adjusted
10 under subdivision (b).

11 (b) For fees imposed under this section during the fiscal year
12 1993–94 and fiscal years thereafter, the amount of those fees
13 shall be set to reflect actual costs and shall be specified in the
14 ~~annual~~ *two-year* Budget Act.

15 (c) Interest shall not accrue with respect to the cost recovery
16 fees provided by this section.

17 (d) The amounts provided by this section are obligations
18 imposed by this part and may be collected in any manner
19 provided under this part for the collection of a tax.

20 (e) Subdivision (a) is operative with respect to the notices for
21 payment or formal legal demands to file, either of which is
22 mailed on or after September 15, 1992.

23 (f) The Franchise Tax Board shall determine the total amount
24 of the cost recovery fees collected or accrued through June 30,
25 1993, and shall notify the Controller of that amount. The
26 Controller shall transfer that amount to the Franchise Tax Board,
27 and that amount is hereby appropriated to the board for the
28 1992–93 fiscal year for reimbursement of its collection and filing
29 enforcement efforts.

30 SEC. 5. This act shall become operative only if ACA ____ of
31 the 2005 06 Regular Session is submitted to and approved by the
32 voters at a statewide election, and in that event shall become
33 operative commencing with the fiscal year beginning in the next
34 calendar year after that approval.